



CONSTRUCTION BULLETIN

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PRIVATE RESIDENTIAL BUILDING IN 140 METROPOLITAN AREAS

THE latest Bureau of the Census figures on housing have been given a great deal of publicity recently by various publications throughout the country. These figures show the population increase and the increase in the number of dwelling units in 34 metropolitan areas from 1940 to April 1947. Some of the real estate interests have gone so far, on the basis of the census reports, as to try to prove that there is no actual housing shortage. While we agree that a part of the housing shortage is not so much a shortage in the number of housing units as it is the inefficient use of these units, we think that the use of the Bureau of the Census reports as proof that no housing shortage exists is apt to do more harm than good.

Apparently there is a misunderstanding or misinterpretation of the census reports. Part of this misunderstanding stems from the difference in the Bureau's definition of a dwelling unit in 1940 and their definition of a dwelling unit in April 1947.

Another misuse of the census data is in comparing population increases with the increase of dwelling units. The proper comparison is between the increase in the number of families and the increase in dwelling units. To show how misleading the first comparison can be we present the following table made up of 10 areas included in the census report:

PERCENTAGE INCREASE - 1940 TO APRIL 1947			
Metropolitan district	(1) Population	(2) Number of dwelling units	(3) Number of families
Boston	8%	13%	17%
Allentown-Bethlehem-Easton	4	10	12
Detroit	18	24	26
New York City	9	8	13
Philadelphia	16	21	23
Pittsburgh	5	11	10
Washington, D. C.	33	40	45
Youngstown	2	8	8
Norfolk-Portsmouth-Newport News	43	61	61
St. Louis	16	15	20

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In comparing column 1 with column 2 it would appear that in most cases the increase in the number of dwelling units has been sufficient; however, when the comparison between columns 2 and 3 is made, it is apparent that in most cases the increase in the number of families has exceeded or kept pace with the increase in the number of dwelling units.

We have felt from the very outset that rent control was unwise and have said so time and time again - and we agree with the real estate men when they say that controls are the primary cause of our housing shortage. We believe, however, that such unrealistic use of the Bureau of the Census data may cause a good deal of resentment on the part of the general public against the real estate men.

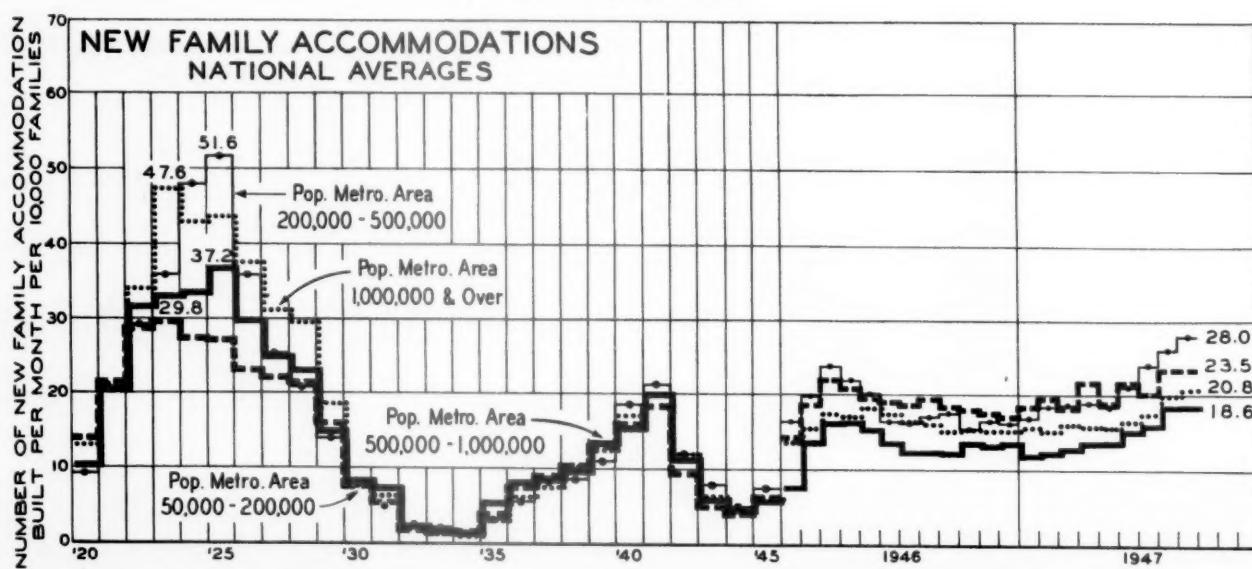
The splendid increase in residential construction since the removal of most controls justifies the long-held contention of the housing industry that the controls were stifling rather than expediting construction. Needless to say, we have expressed the same opinion in our reports on many occasions.

The table below shows how nonfarm residential construction has increased since the removal of controls at the end of the second quarter of 1947 (government estimate):

	1946	1947	% increase - 1947 over 1946
Nonfarm residential units started			
During first 3 months of year	141,900	142,600	0.5
During second 3 months of year	198,200	218,400	10.2
During third 3 months of year	185,600	253,800	36.7
During first 9 months of year	525,700	614,800	17.0

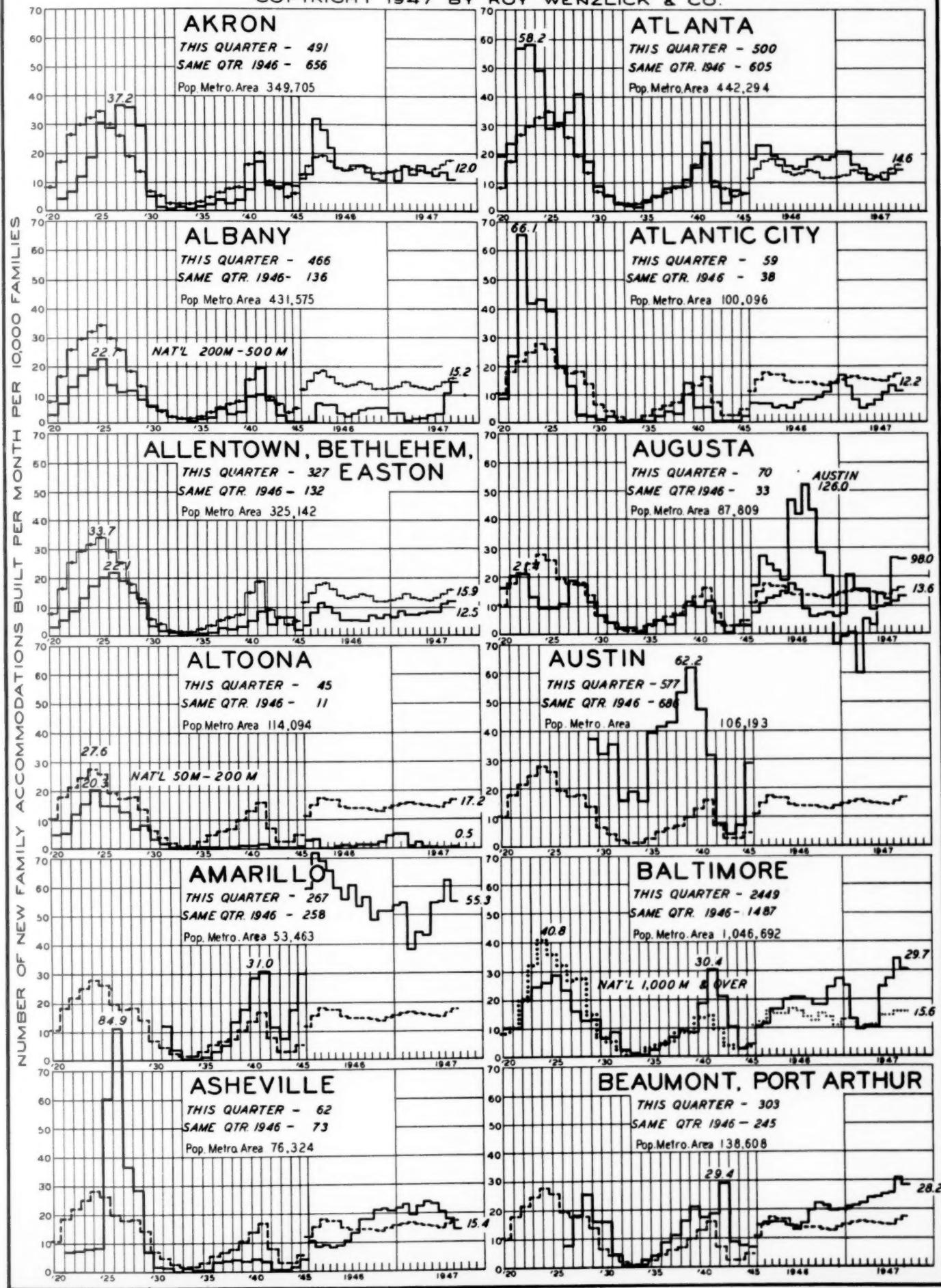
Thus we see that while the first two quarters of 1947 showed rather small increases over the first two quarters of 1946, the removal of controls sent third-quarter construction in 1947 up a whopping 36.7 per cent over the third quarter of 1946.

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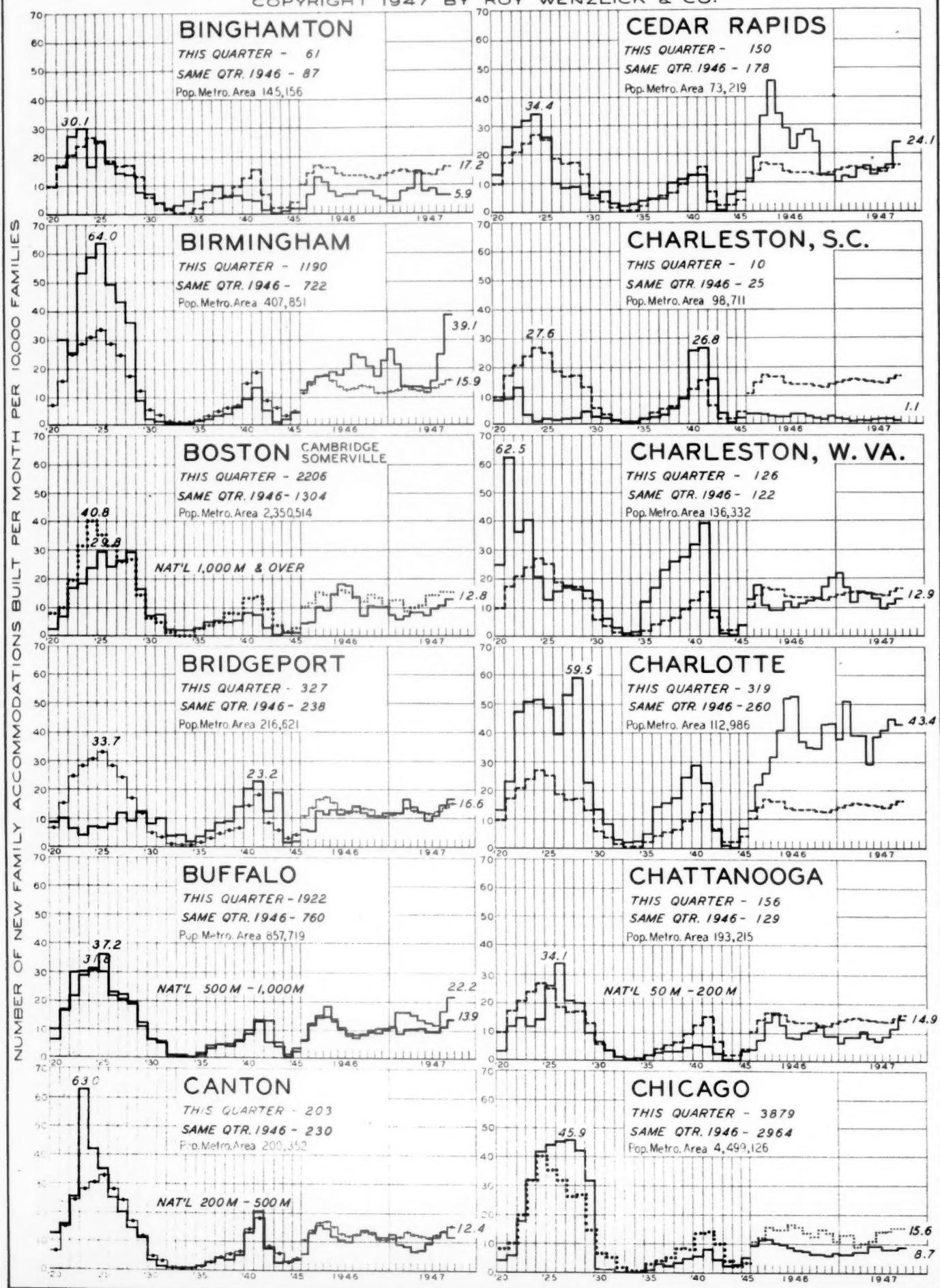
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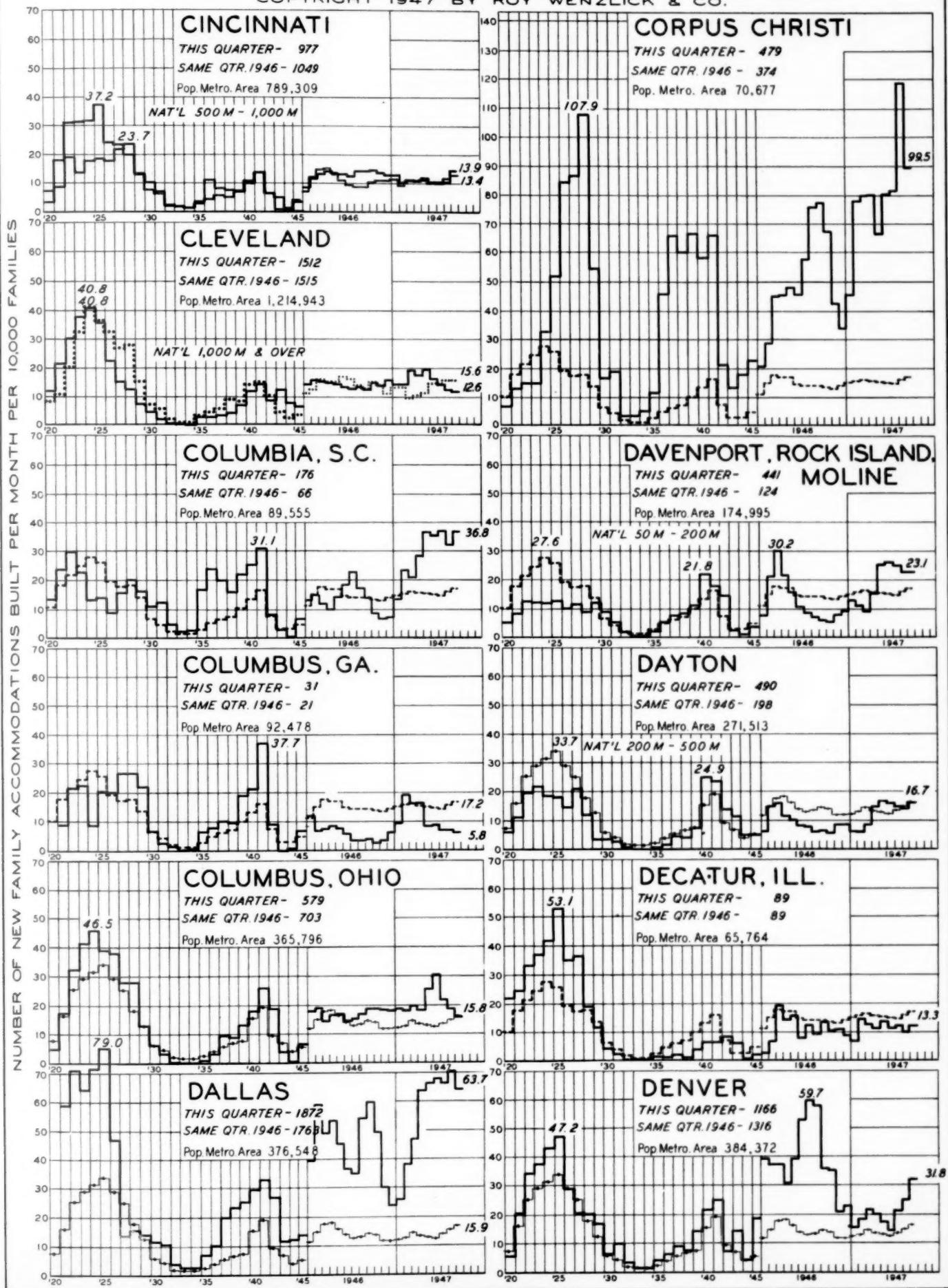
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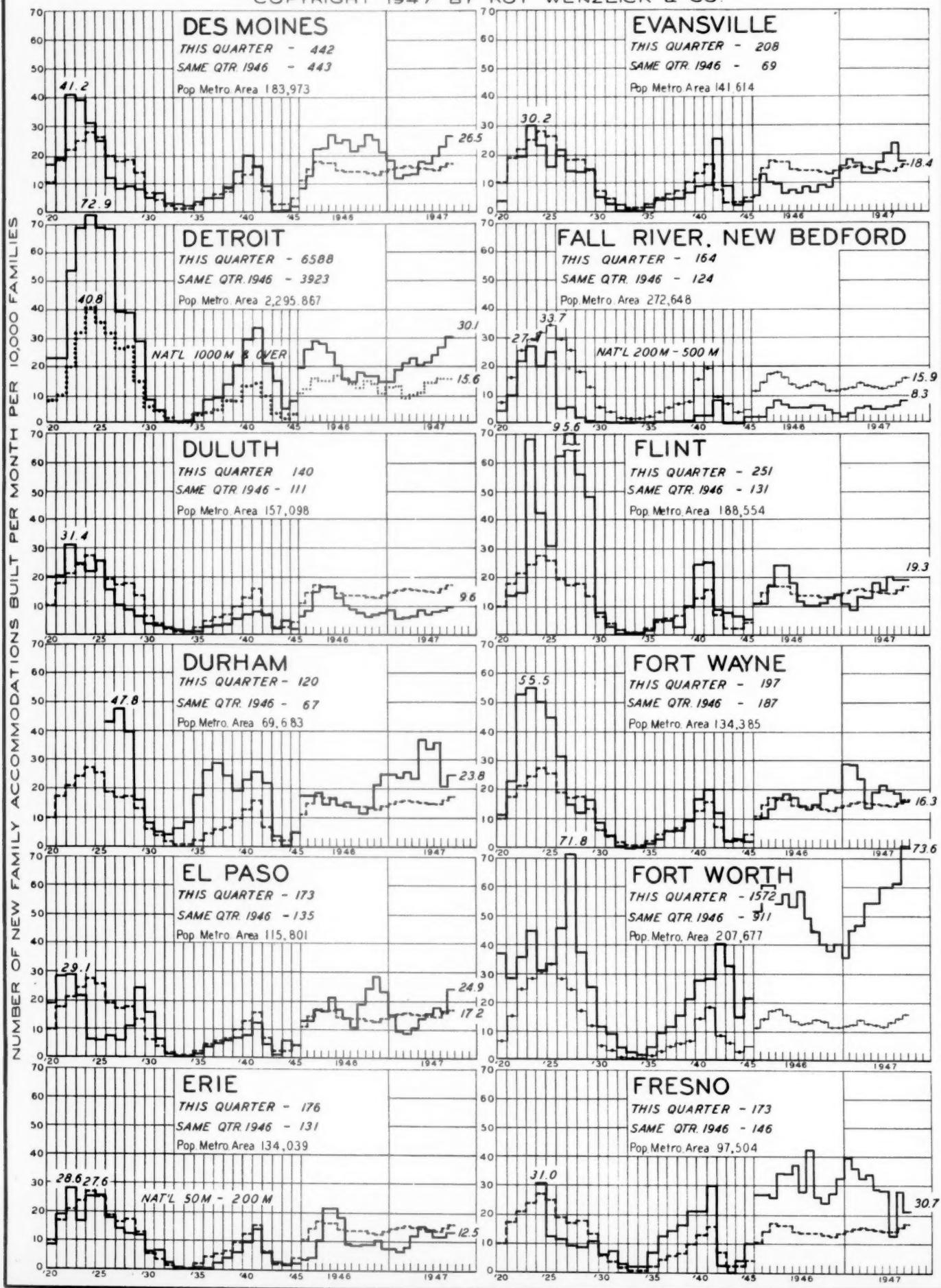
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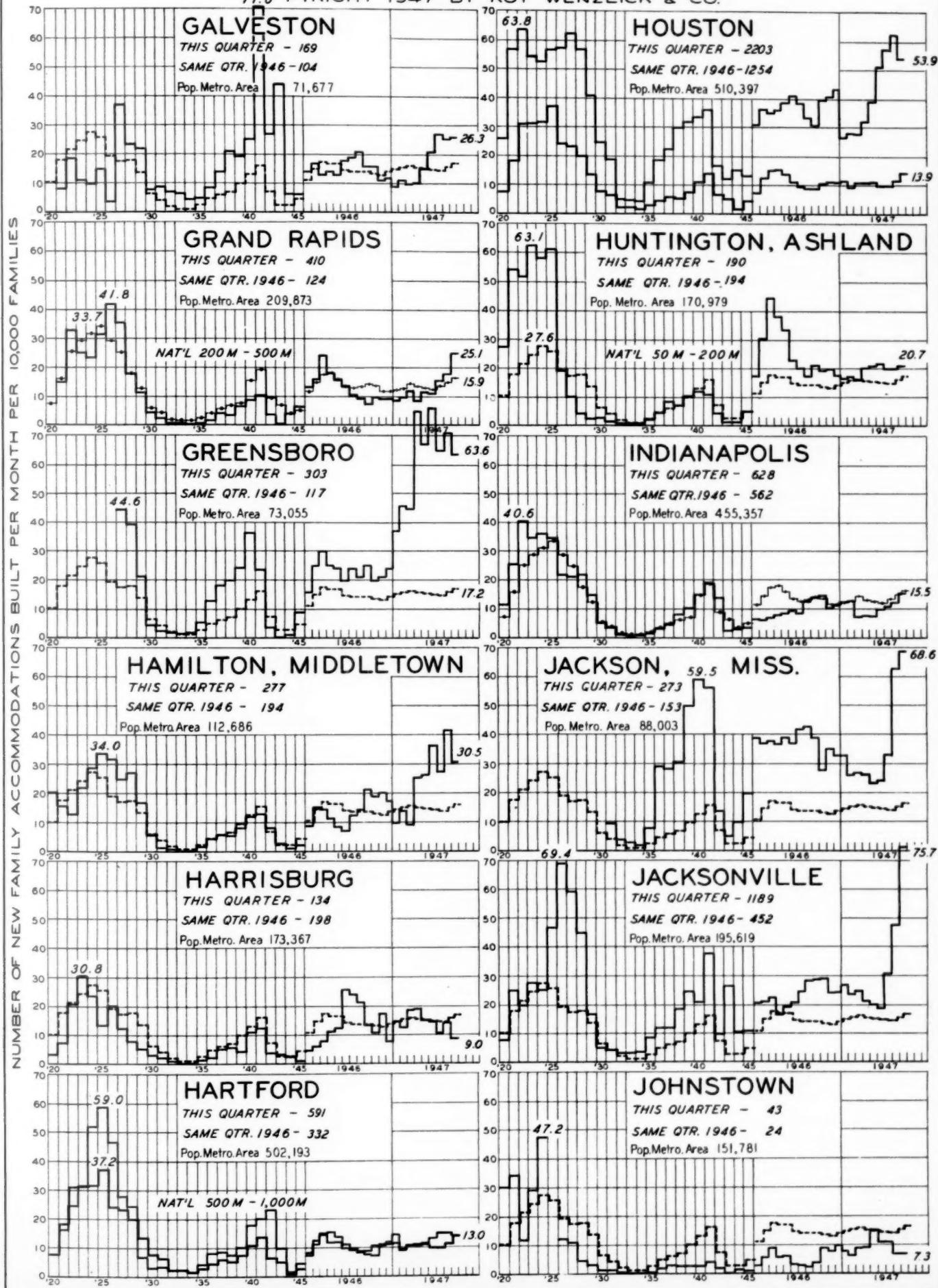
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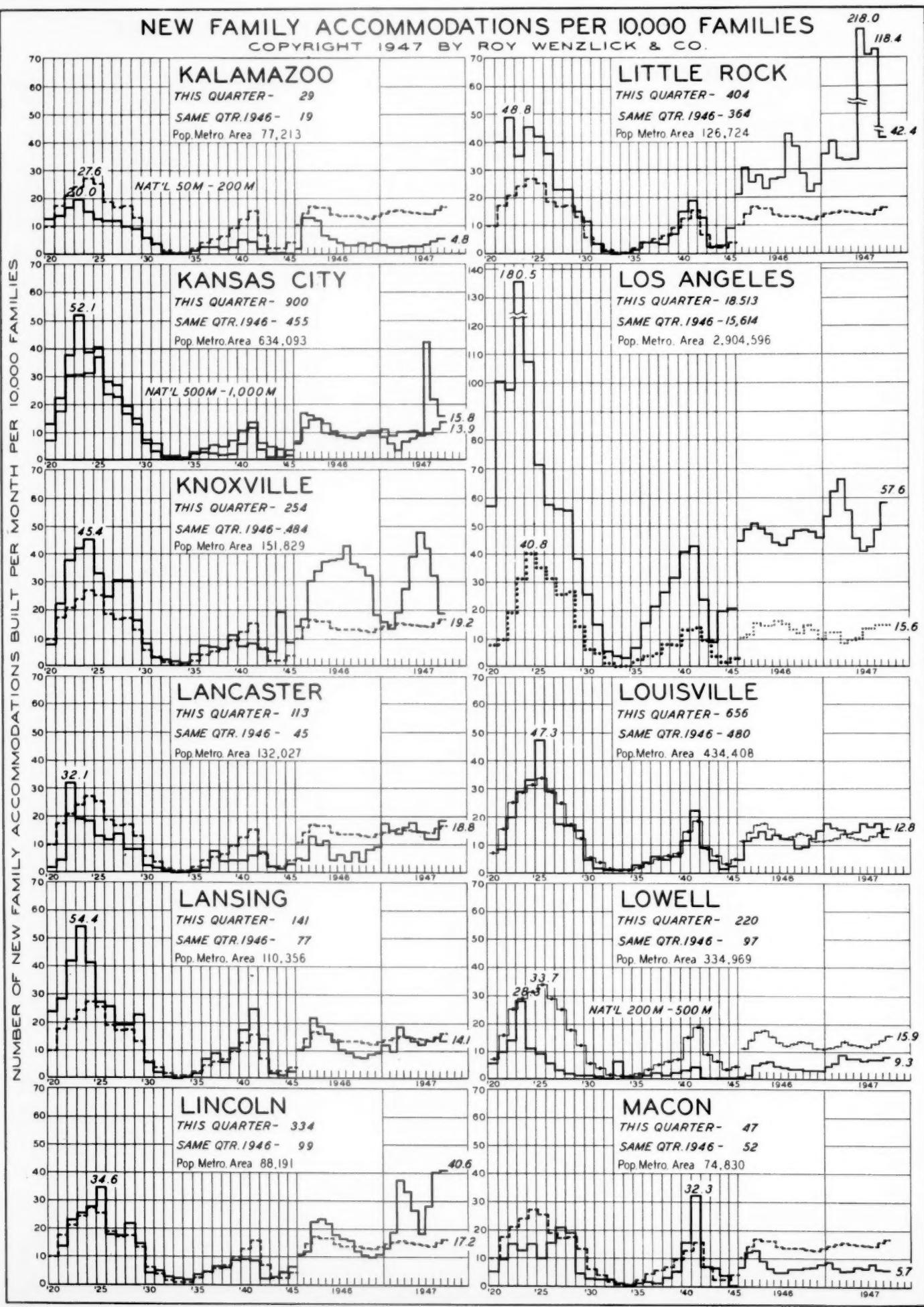
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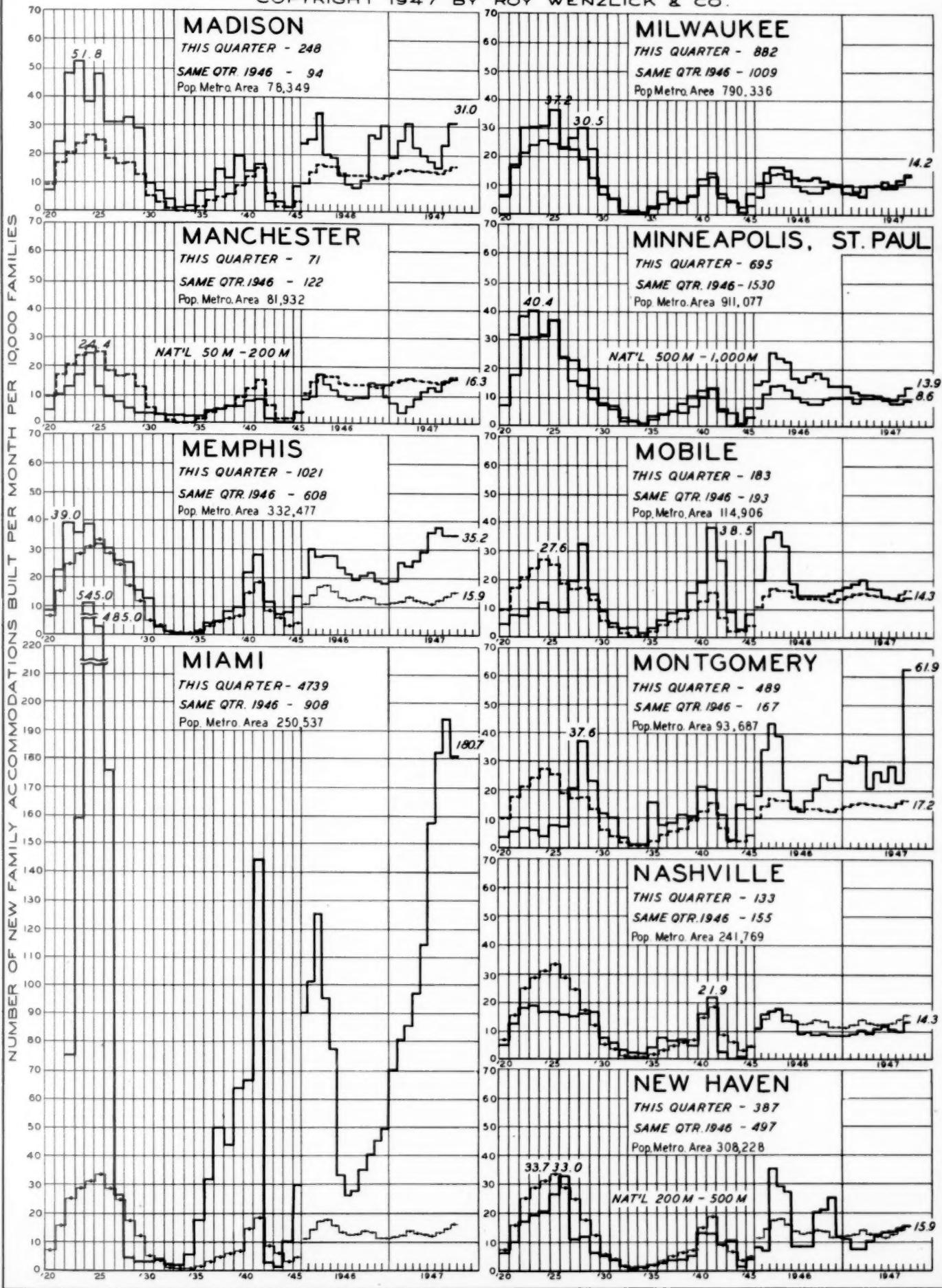
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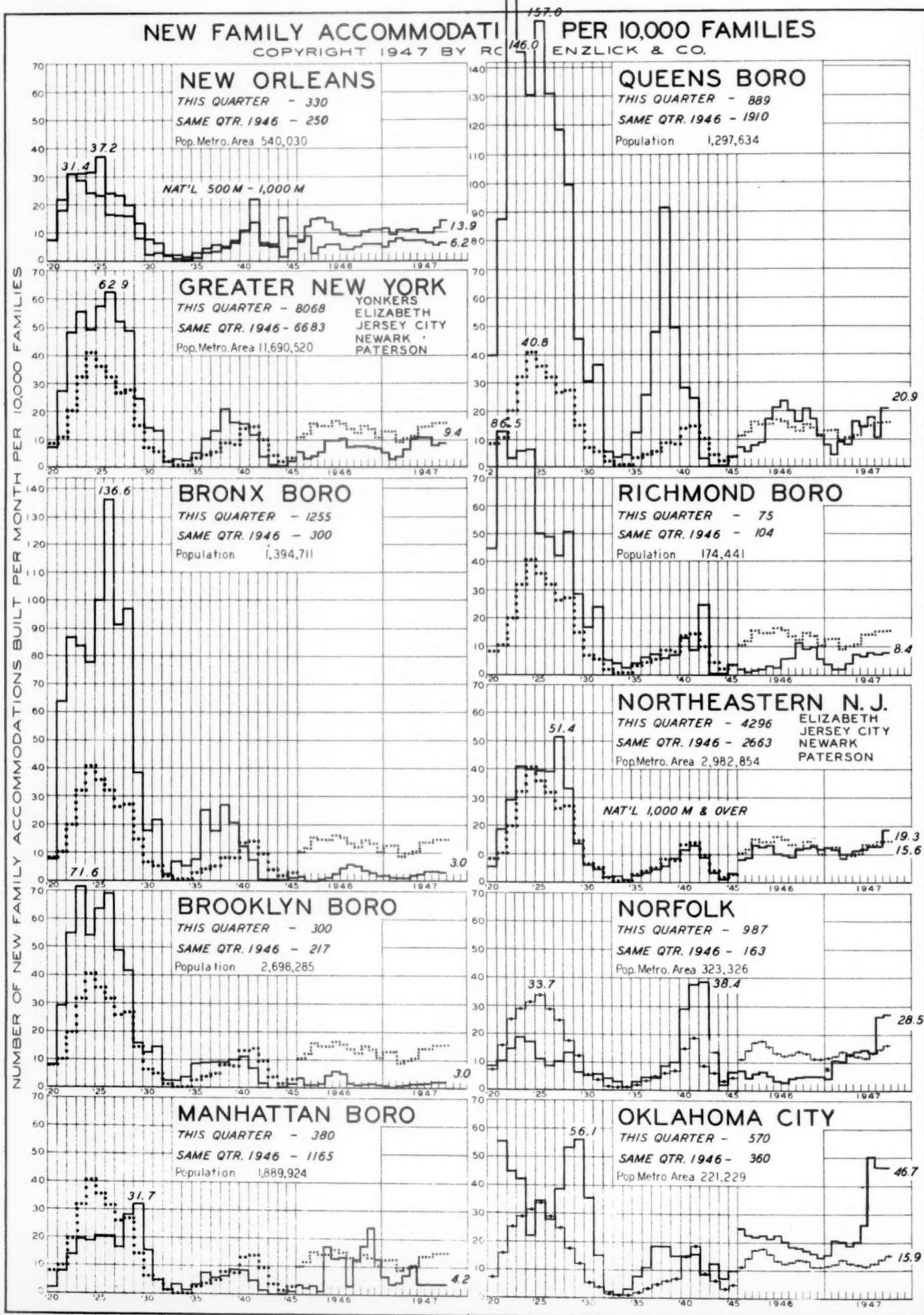
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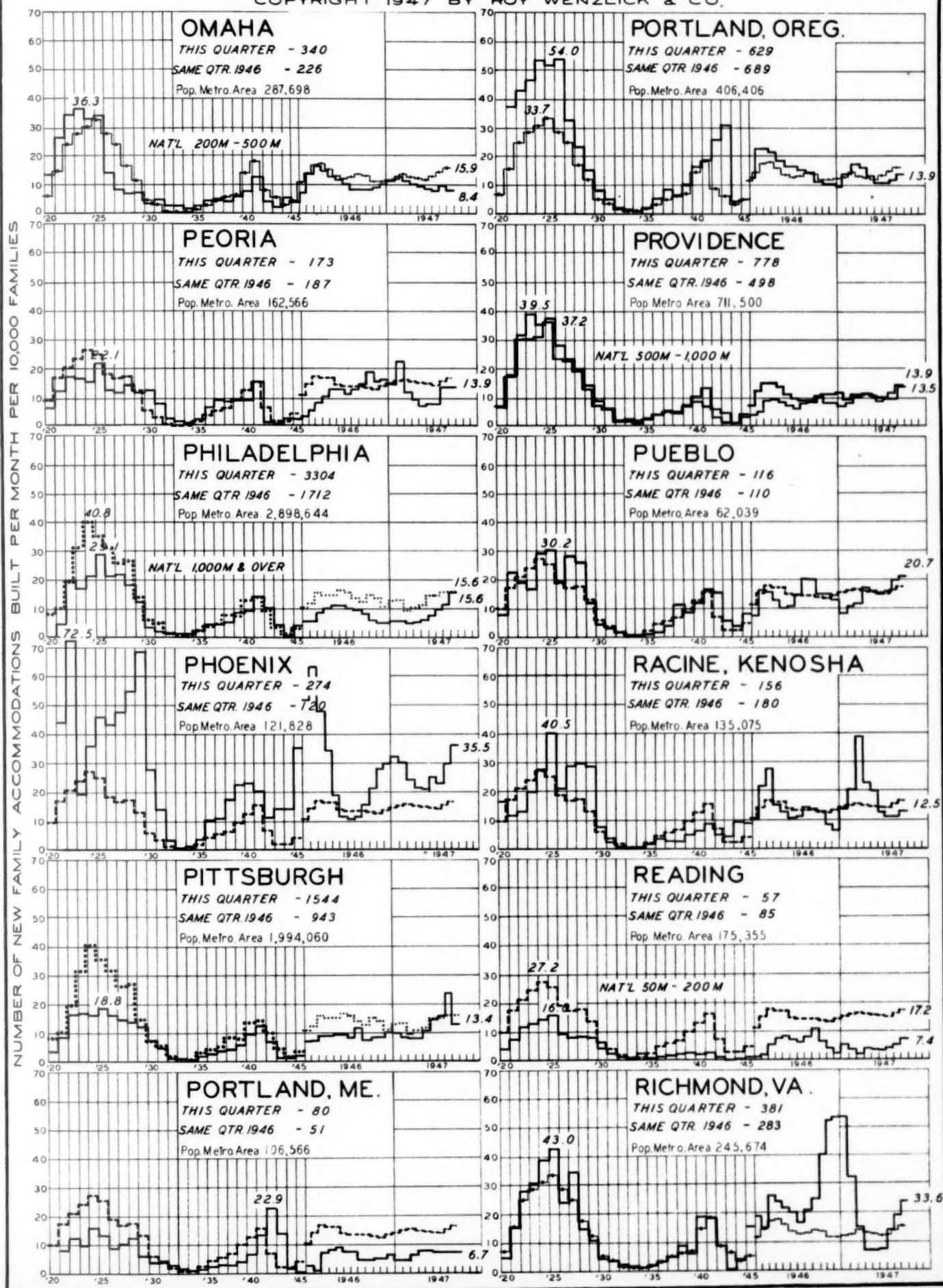
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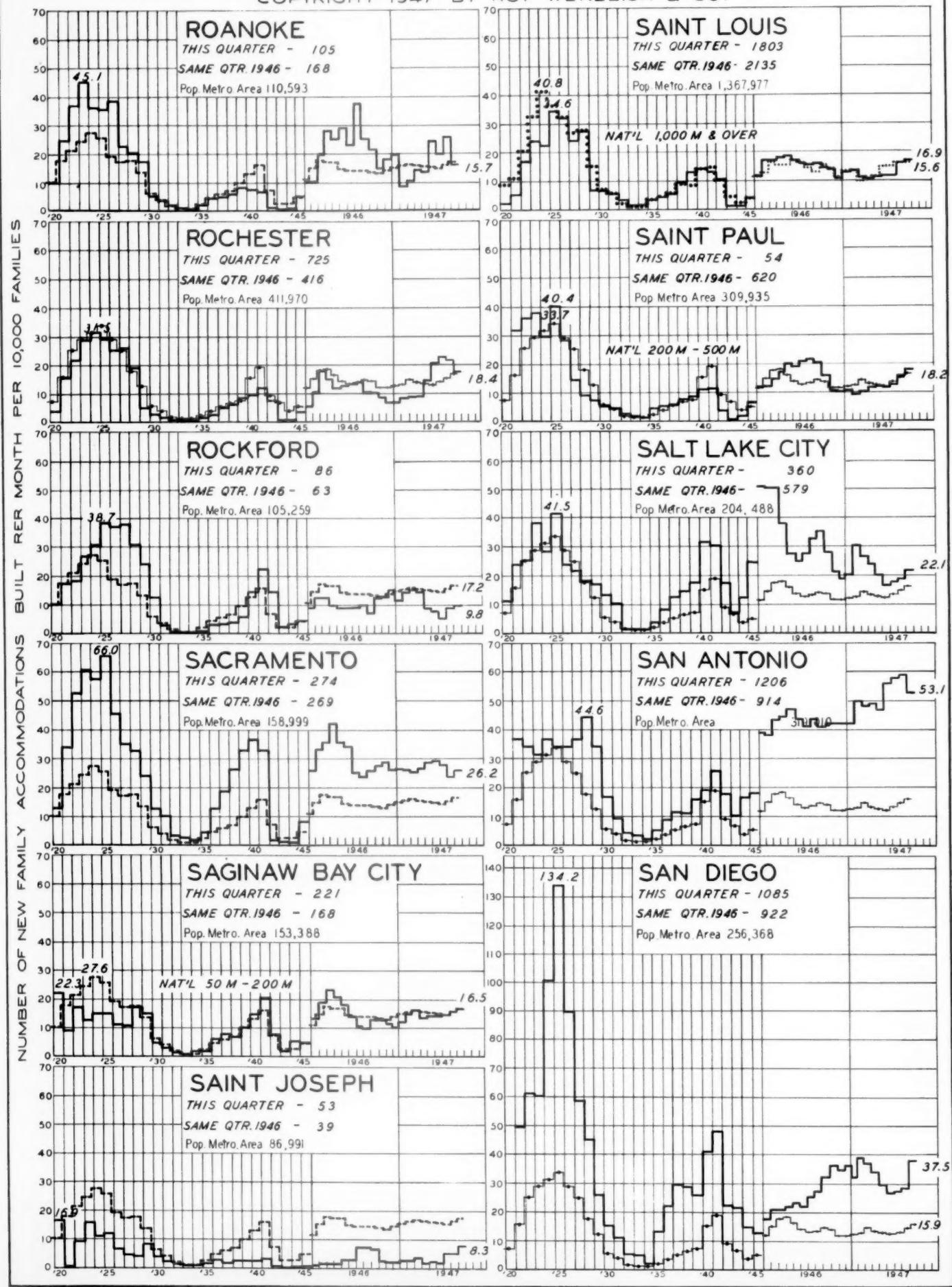
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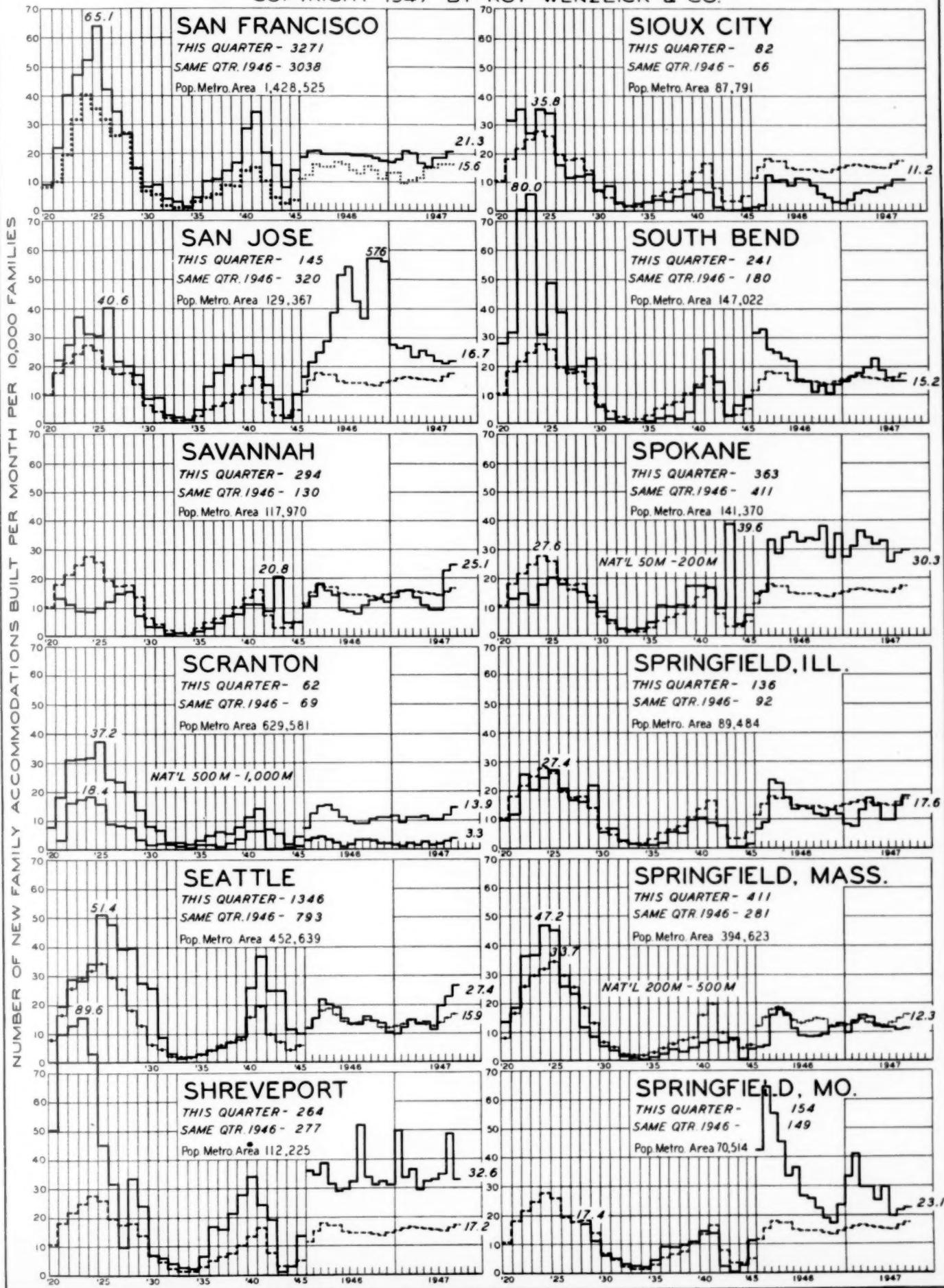
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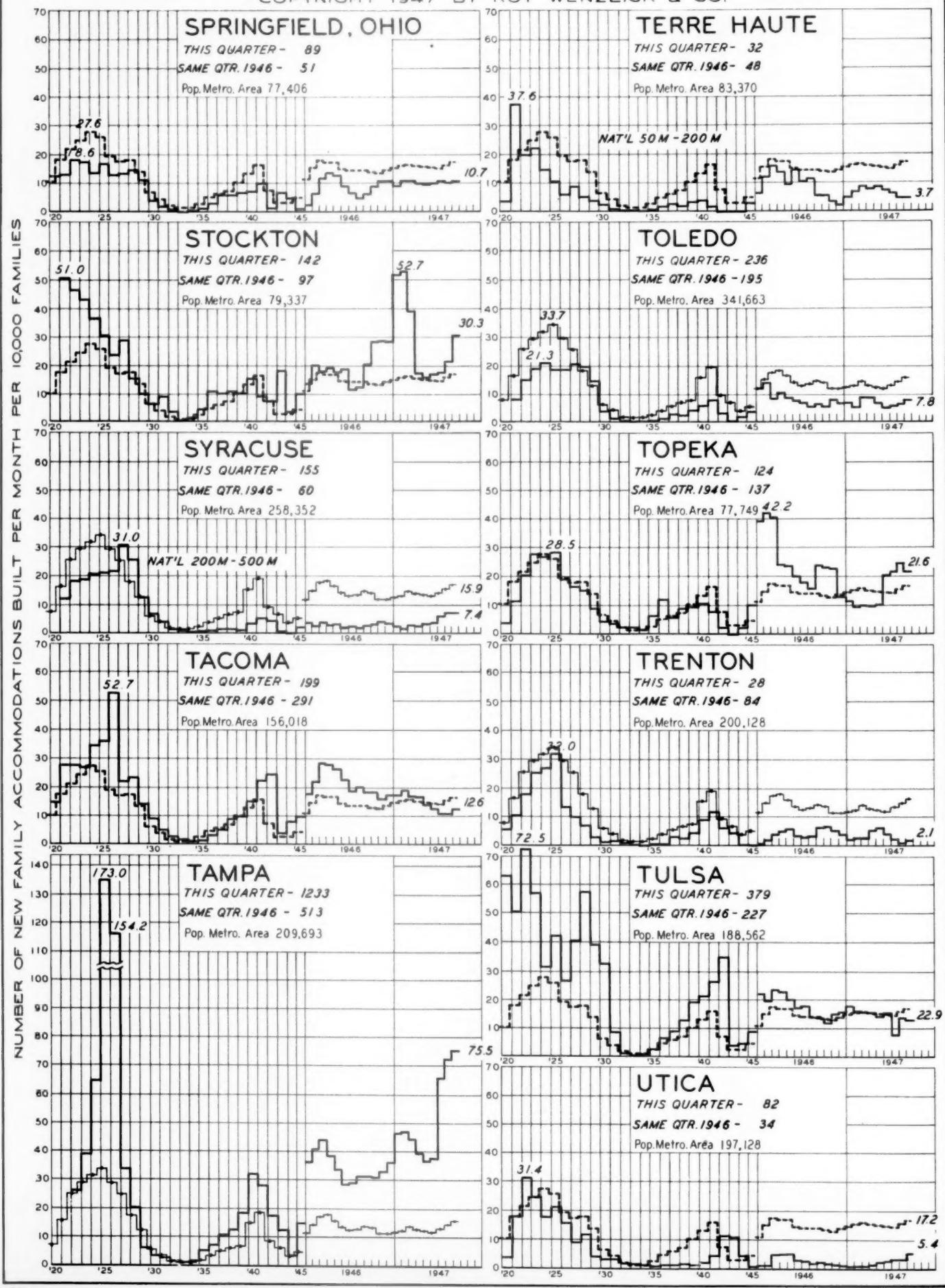
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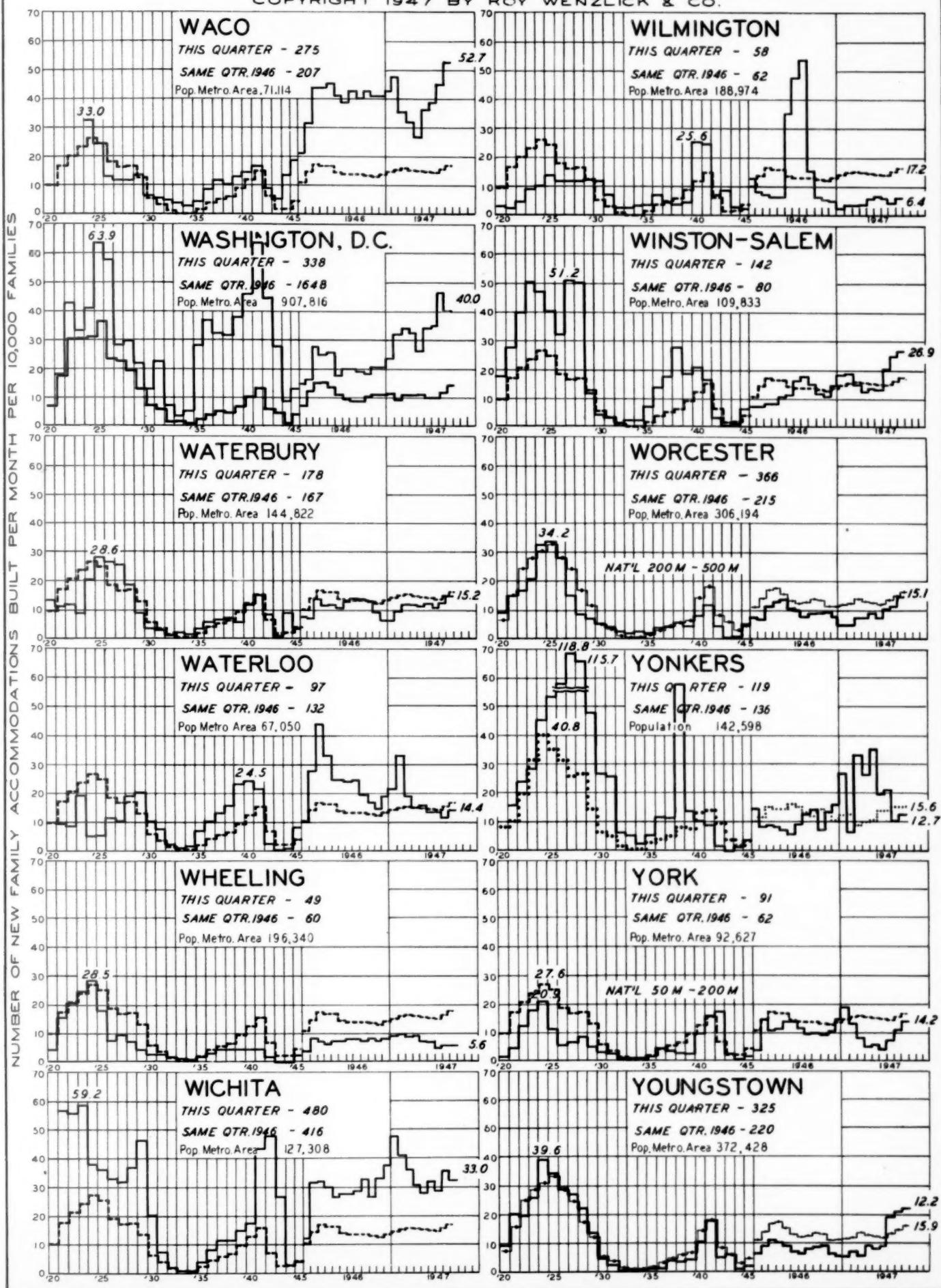
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(cont. from page 462)

In the series of charts from page 463 through page 475 we bring up to date our quarterly Construction Bulletin. The charts show that in the 2200 incorporated areas which we report, the improvement in residential construction since decontrol has not been quite so great as the nationwide estimate made by the government.

In the third quarter of 1946 these areas reported that building permits had been issued to cover 85,294 nonfarm permanent dwelling units. The 1947 total for the third quarter was 108,712 units, or an increase of 27-1/2 per cent. Our areas report a total of 285,117 units for the first nine months of 1947 as against 266,705 for the same period in 1946 - an increase of about 7 per cent. Here, again, this figure is not so large as the government's nationwide estimate of a 17 per cent increase.

Regardless of the difference in the two estimates, it seems clear that the lifting of controls gave the construction industry a tremendous boost.

EXPLANATION OF THE CHARTS

Private residential building in all metropolitan areas of the United States as defined by the 1940 Census is charted on the preceding pages. The 140 areas include all areas in which the central city has a population of more than 50,000.

In each city all suburbs, incorporated and unincorporated, have been contacted, and in all except fourteen it has been possible to include practically all of the suburbs within the metropolitan area. For example, the New York City figure includes the building in 305 suburban communities; Philadelphia, 154; Pittsburgh, 157; Chicago, 99; and Detroit, 65. In all, more than 2200 communities are represented on these charts.

The Bureau of Labor Statistics in Washington has collaborated to the fullest extent in furnishing figures it has accumulated on various communities. These have been brought up to date by direct correspondence with the individual cities and towns.

On the charts the figures are expressed as the number of new family units provided per 10,000 families in each metropolitan area. In this computation, a single-family dwelling counts one, a two-family dwelling counts two, and a twenty-four family apartment counts twenty-four. All Federally subsidized slum clearance and war housing projects have been excluded; however, buildings privately built and financed with government loans are included on the charts:

The blue italicized numerals on each chart give the number of private new family accommodations built in the last three months for which figures are available; these are actual figures and are not adjusted for the number of families. The red italicized numerals give the corresponding figures for the corresponding period of a year ago.

It should be noticed that separate averages (medians) have been used for four groupings of metropolitan areas. The average number of new family accommodations built per month per 10,000 families is shown from 1920 to the present for metropolitan areas having from 50,000 to 200,000 people (the dashed red line); for areas having from 200,000 to 500,000 people (the beaded red line); for areas having from 500,000 to 1,000,000 people (the solid red line); and for those areas having a population of over 1,000,000 (the dotted red line). Eighty areas fall into the first category; thirty-eight into the second; and eleven each into the third and fourth.

On each area chart is shown in red the national average for areas in its grouping in contrast to the blue line, which shows the figures for the specific area. The averages used on the area charts are medians. A median average is found by arranging the data in order of size and selecting the amount at the midpoint. Because a median average thus eliminates the influence of the two extremes, it gives a very good picture of the typical area in each group.

On the chart on page 462 we have also shown national averages for each of the groupings of metropolitan areas - (1) 50,000 to 200,000 population; (2) 200,000 to 500,000 population; (3) 500,000 to 1,000,000 population; and (4) 1,000,000 population and over. These averages should more properly be called arithmetic means. An arithmetic mean is obtained by adding the amounts of all the items and then dividing by the number of items. It will be noticed that the arithmetic mean, being influenced by areas with a greatly accelerated rate of new building, is above the median average of each of the groupings. The arithmetic means are given for each grouping in order that a comparison of new building on a volume basis may be made.